



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 03/30/04  
AGENDA ITEM 11  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT:** Hayward Boys and Girls Club

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolutions pertaining to the acquisition and operation of the Hayward Boys and Girls Club facility, and appropriating funds for this purpose.

**BACKGROUND:**

The Hayward Boys and Girls Club began operation at its present location in 2002. The facility, encompassing approximately 20,000 square feet, has been a valuable addition to the neighborhood. Since its inception, the Club has focused on providing recreational and academic services to the youth in our community. Its presence in South Hayward has been particularly important, inasmuch as the nearby census tracts reflect a substantial population of young people, many of whom come from lower income households. Through the array of services available at the Club, young people have been able to participate in numerous meaningful, positive activities. While hard data has not been gathered, it is apparent that the availability of such services has had a positive effect in preventing antisocial behavior in the area.

The Club has largely funded its operation through a combination of revenue sources consisting of membership fees and grants. In light of the income levels of the participating households, membership fees generate only a limited amount of income. As a result, the Club has endeavored to support its operations through grants, donations and income from fund-raising activities. Current economic conditions in the Bay Area have made it increasingly difficult to secure such revenues. Even when such revenues have been received, they are largely of a one-time nature and not a recurring source of income. By contrast, operating a facility of this type requires a reliable, on-going source of income.

To pay for the construction of the facility, the Club relied on numerous funding sources. In addition to using some of its own money, the Club received donations and a substantial grant from the state. As these funds proved to be insufficient, the Club also secured a loan. As a result, in addition to its operating costs, the Club must also service the loan.

In recent months, it became apparent to the Club that the absence of a reliable revenue stream, combined with a decline in funding from foundations and other private sources, has adversely impacted its ability to continue to offer its services to the community. Because the Club and the City have a long standing practice of working together to serve Hayward's youth, discussions were initiated about how best to maintain these important services.

From the standpoint of preventive measures, we believe it is critically important to avoid a disruption of services to the youth of the area. To this end, we explored with Club management a scenario under which the City would acquire the property. Through these discussions, the Club agreed to convey the property to the City, in exchange for the City assuming responsibility to retire the outstanding amount of the loan—the Club's mortgage if you will. As of this month, the outstanding balance is approximately \$1.2 million. In light of the value of the underlying asset—that is, land and improvements—we believe this represents a worthwhile investment for the City. Annual debt service on the loan is approximately \$97,000.


Since the City is not involved with the direct delivery of recreational services, HARD was contacted to ascertain if it would be willing to operate and program the facility. While HARD responded in the affirmative, it also indicated it lacks the financial capacity to do so. To assure that services are not interrupted, at the City's request, HARD developed a budget for the April to June timeframe. During this period, the Club would be opened six days a week, from 3:00 to 9:00 PM, Monday through Thursday; 3:00 to 5:00 PM on Friday; and 10:00 AM to 5:00 PM on Saturday. HARD would staff the facility with its employees and continue to offer many of the same activities. For this period, funding in the amount of \$34,000 would need to be provided.

In the short term, the Council is asked to authorize the expenditure of \$34,000 to contract with HARD to operate the facility for the April to June time period. An additional amount of \$24,000 is requested to service the mortgage. The accompanying resolution appropriates funds for this purpose.

Over the long term, we need to determine how best to continue operating the facility while minimizing the impact to the general fund. In this regard, City and HARD staff will develop an annual budget for your consideration in the context of the City budget for fiscal year 2004-05. Preliminary conversations with HARD indicate there is an opportunity to program more activities, thereby generating increased revenue to offset overall expenditures. In turn, this would reduce future general fund contributions. This will be developed more fully over the next few weeks and subsequently presented to you for your consideration.

The City has taken a proactive approach in addressing many of the recreational needs of the youth in our community. For example, just last year, the Council appropriated \$100,000 to enable the Club, HARD and the Eden Youth and Family Center to provide summer programs and activities in the Tennyson area. Mindful of the role the City has played in addressing the needs of young people, it is recommended that the Council both authorize the acquisition of the facility and approve execution of a contract with HARD to operate it. Adoption of the attached resolutions implements this decision, and appropriates the necessary funding for the April to June period. To the extent it will be necessary to revise the documents pertaining to the outstanding loan, this will be presented to you at a later date as appropriate.

While I am usually reticent to bring recommendations of this sort to you outside the normal budgetary cycle, this is an occasion in which the City can play a vital role in assuring continued delivery of much needed services to the youth of Hayward. To minimize any adverse impact on the general fund, we will work closely with HARD to develop an operating budget for next year which supports meaningful programs and activities, while generating sufficient revenue to offset related expenditures.



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Jesús Armas, City Manager

# DRAFT

## HAYWARD CITY COUNCIL

RESOLUTION NO. 04-

Introduced by Council Member \_\_\_\_\_

*me*  
*3/24/04*

RESOLUTION AUTHORIZING ACQUISITION OF THE  
HAYWARD BOYS AND GIRLS CLUB FACILITY AND  
AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND  
EXECUTE A CONTRACT WITH HARD TO OPERATE THE  
FACILITY

BE IT RESOLVED that City Council of the City of Hayward hereby authorizes the acquisition of the Hayward Boys and Girls Club facility in an amount not to exceed the balance of the existing encumbrance on the property and that the City Manager is hereby authorized and directed to negotiate and execute a contract with Hayward Area Recreation and Park District (HARD) in an amount not to exceed \$34,000, to operate the facility for the balance of fiscal year 2004, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

*7 me*  
*3/20/04*

RESOLUTION AMENDING RESOLUTION 03-091, AS  
AMENDED, THE BUDGET RESOLUTION FOR FISCAL  
YEAR 2003-04, RELATING TO AN APPROPRIATION OF  
FUNDS FROM THE GENERAL FUND, UNDESIGNATED  
FUND BALANCE RELATIVE TO THE OPERATION AND  
ACQUISITION OF THE HAYWARD BOYS AND GIRLS  
CLUB

BE IT RESOLVED by the City Council of the City of Hayward that Resolution  
No. 03-091, as amended, the Budget Resolution for fiscal year 2003-04, is hereby further  
amended by appropriating \$58,000 from the General Fund, Undesignated Fund Balance,  
\$34,000 of which will be used to operate the facility and the remaining \$24,000 to service the  
mortgage for the balance of FY 2004.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward